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SUMMARY

Agenda Item: D

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INDUSTRIAL DEVELOPMENT

By Francisco MANOEL de MELLO FRANCO,
Civil Engineer,
Petroleum Engineer,
Economic Analyst,
Rio de Janeiro, Brazil

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INDUSTRIAL DEVELOPMENT

by

FRANCISCO MANOEL DE MELLO FRANCO
Civil Engineer. Petroleum Engineer
Economic Analyst
Rio de Janeiro. Brazil

I - INTRODUCTION

In general a policy of industrial development must be based on:

(a). Creation of adequate systems of transportation and generation of electric power;

(b). Improvement, rationality and development of already existent industries;

(c). Training of skilled technical knowledge and of lower degree man-power;

(d). Maximum utilization of local raw materials;

(e). Installation of basic industries with high generative characteristics.

In under-developed economies, infra-structural basic investments introduce higher levels of productivity and create new markets. State planning is absolutely essential for a good evolution of development process, since only through a careful project, prepared with a wide knowledge of all the injunctions and implications of each sector on the others, can economic growth be obtained without high social cost

It is necessary to increase agricultural income in order to create a market for industrial goods. Uniform economic development requires agriculture and industry grow together. If capital is applied in industry and agriculture remains stagnant, the result will be ruinous to the industrial sector itself, in view of the increase of competition within a limited market.

II - SCALE

The investigation of markets, and often of potential markets, and a study of the variation of sale prices with production, when required, is the first big step to fix capacity. The second big step is to calculate investment and cost. The two steps have typical characteristics, in under-developed economies.

In a fast-growing economy, the extrapolation of a train of data, representing past years, is not always reliable as a method of forecast for future markets. The reason is that under economic conditions suffering a process of expansion, there is a host of exogenous influences which affect the development of markets, making forecasts very complex.

The second big problem for fixing capacities is to calculate investment and cost. Under existing circumstances, inflation completely subverts all budgets, making capital surveys unforeseeable. Private businessmen are not encouraged to assume high financial commitments, and, under these conditions, capacities for maximum profitability are not very often attained.

III - PETROCHEMICAL INDUSTRY

It is fundamental that investments made with a direct purpose of developing economically backward areas have generative characteristics.

In Brazil, we have a big latent market for petrochemicals. Modernization of farming and perspectives of a first and unavoidable agrarian reform make probable a rapid increase of fertilizer consumption. A tremendous growth of plastics markets is also certain, and a large potential market of polyester fibers is to be foreseen. Automobile industries caused a big new demand for tyres, and increased necessities for synthetic rubber. For the same reason, the use of nylon cords in tyres increased the nylon market.

The number of products of this extremely diversified industry is remarkable. The multiplier index of investments in the field is, therefore, very high.

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